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FM AMCONSUL GUANGZHOU
TO RUEHC/SECSTATE WASHDC 1156
INFO RUEHOO/CHINA POSTS COLLECTIVE 0371
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RUEHSH/AMCONSUL SHENYANG 0310
RUEHGH/AMCONSUL SHANGHAI 0300
RUEHCN/AMCONSUL CHENGDU 0301
RUEHHK/AMCONSUL HONG KONG 0368
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UNCLAS SECTION 01 OF 02 GUANGZHOU 000667

SIPDIS

STATE FOR CA/VO, CA/FPP, CA/P, EAP/CM

E.O. 12958: N/A

TAGS: [CVIS](#) [CMGT](#) [KFRD](#) [ECON](#) [EFIN](#) [CH](#)

SUBJECT: China Sees Explosive Growth in Immigrant Investor Visas

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PLS ZFR ABOVE GUANGZHOU 667 IMI PLS ZFR ABOVE GUANGZHOU 667
AND BLANK ALL ASSOCIATED MCNS. TELEGRAM WILL BE RESENT UNDER NEW
MRN/MCNS. SORRY FOR ANY INCONVENIENCE

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15. (U) EB5 applications present numerous adjudication challenges. While U.S. law requires that investments be made with "capital obtained through lawful means", in practice it is difficult to make this determination for Chinese applicants. Cases routinely include hundreds of pages of Chinese financial documentation, which is frequently unreliable and, even if legitimate, is beyond the expertise of IV staff to evaluate in detail. Additionally, due to the strict mandates of China's Foreign Currency Exchange Act, transferring investment funds out of China is a difficult task. To stay within the confines of Chinese law, yet satisfy the "investment or actively in the process of investment" provision of 8 CFR 204.6(j)(2), applicants often create an offshore escrow account to secure the investment funds before transfer to the U.S. enterprise once immigrant status has been granted. Applicants commonly establish the escrow accounts in Hong Kong. To transfer the required \$500,000 investment to Hong Kong, applicants often use multiple transactions involving different individuals, thus confusing the trail of wealth and making even very legitimate cases hard to evaluate. Separately, post has limited information on the progress of job creation targets for the regional programs in the U.S. Post has contacted USCIS to learn more on its adjudication criteria in order to develop a training program for visa officers.

16. (U) While post has not yet detected any cases of outright fraud relating to the investment funds used to qualify for EB5 status, there have been some questionable cases. Some applicants have little knowledge of the program in which they are investing; some are even unaware of the rate of return on the investment. This lack of knowledge makes it more difficult to judge applicants' bona fides. And, as always, the allure of a U.S. visa has attracted other kinds of fraud. In one case, an investor visa applicant appeared for interview with his wife and four children. When

suspensions arose about their relationship and the consulate suggested the possibility of DNA testing, the applicant admitted that two of the children were not his own. In a separate case, post assisted the Internal Revenue Service in a tax evasion investigation of an EB5 recipient. As the program becomes more and more heavily marketed, it is likely that more such problems will be detected.

COMMENT

17. (U) Guangzhou expects to continue to see an increasing number of EB5 investor immigrant applicants and will seek to develop better means to evaluate these cases through more direct communication with USCIS on criteria, updates in the program, and reports on any fraud trends which have been discovered by USCIS. Guangzhou officers and LES will also continue to monitor reports on the EB5 program in China, including complaints about problems involving EB5 visa brokers or agents. End Comment.

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